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UNC Kenan-Flagler student-managed private equity fund closes on new fund

Chapel Hill, N.C. — The UNC Kenan-Flagler Private Equity Fund (KFPE) has announced the first closing of Kenan-Flagler Private Equity Fund II with \$2.1 million of committed capital.

Business students manage the fund at the University of North Carolina at Chapel Hill's Kenan-Flagler Business School. KFPE's mandate is to provide educational opportunities to students and real returns to its limited partners. The fund is one of the only student-run private equity funds in the United States associated with a top business school.

Fund managers anticipate a final closing in October with \$3.5 million under management for Fund II and \$4.8 million in total.

The fund also announced its fourth generation management team. New team members are:

- Andrew Graves, Brad Hudson, Trey Lambert and Andy Wright of the MBA Class of 2011
- Erin Gray and Brian Stockton of the BSBA Class of 2011

They were chosen from a strong field of candidates based on their industry experience or their background in private equity, capital markets, investment banking and consulting.

"The new additions to the management team will prove to be valuable resources for managing Fund II," said W. Clay Hamner, Frank Hawkins Kenan Professor at UNC Kenan-Flagler and faculty advisor to the fund.

"The fund's quality of work is on par with the best private equity firms in the industry" said Graves, a fund director.

"Becoming a member of the Kenan-Flagler Private Equity Fund is a unique experience for MBA and undergraduate students to apply what they learn in class to all phases of the deal process," said Hudson, a fund director who brings nine years of investment banking and industry experience to his role.

Since raising the first fund in 2007, student managers of KFPE Fund I completed 10 investments across a range of industries by partnering with leading private equity and venture capital firms. This unique partnering arrangement has allowed Fund I managers to invest directly in deals where the total equity invested totaled \$468 million, with around \$1 million coming from the student-run fund.

"Not only do our lead investor partners carve out a small piece of a larger investment, but they listen to our opinions and we are involved in all phases of the life cycle of the investment," said Allen Mask (BSBA Class of 2010), a fund associate who will join Goldman Sachs' investment banking division after graduation.

Student managers have identified, reviewed and invested in deals during one of the most challenging investment climates of the past 40 years.

"To have a successful exit you must make a prudent and successful buy, and we completed deals on terms that present us with good upside and limited downside in a depressed environment," said fund managing director Zac Frost (MBA Class of 2010), who will join Lazard's investment banking team.

"The success of the fund is a testament to the commitment of UNC alumni and friends who give our talented students a competitive advantage by sharing their industry know-how," said James W. Dean Jr., dean of UNC Kenan-Flagler. "Managing the fund gives our students a rare type of learning opportunity that prepares them for internships and full-time positions with the world's top companies."

Throughout the life of Fund I, each member of the student management team had the opportunity to raise capital, source deals, perform due diligence, make investment decisions and present those decisions to an investment committee and a board of directors for approval.

"The fund has provided an excellent opportunity to combine my interests in corporate finance and global economics and to interact with management teams to understand and seek improvements in their businesses," said fund managing director Michael Kopeikin (MBA Class of 2010), who has accepted an investment banking position at Jefferies & Company.

As Fund II moves toward a final close, the management team continues to work closely with its partners to monitor existing investments.

"My fund experience has contributed to many facets of my learning experience, from solidifying my financial understanding to recognizing the flow through process of a deal," said Swathi Putcha (BSBA Class of 2010), a fund associate who will join Bank of America Merrill Lynch. "The fund management team keeps in close contact with its alumni so I look forward to hearing about future successful exits and staying close to the investments made while I was a member of the management team."

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